

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY
MEETING OF THE
AUDIT COMMITTEE**

September

23,

2008

A meeting of the Audit Committee of the Rhode Island Convention Center Authority (hereinafter referred to as “Authority”, the “CCA” or the “Board”) was held on September 23, 2008, pursuant to notice, at the Rhode Island Convention Center Boardroom, One Sabin Street, Providence, Rhode Island.

Board members present were, Committee Chairman, Jeff Hirsh, David A. Duffy, Bernie Buonanno, Paul MacDonald, Patrick Butler, Jason Fowler and Bill Daugherty.

Also in attendance, Jim McCarvill, Betty Sullivan and Donald Nadeau, Convention Center Authority; Larry Lepore, SMG/DDC; Tim Muldoon, Deb Tuton, Danielle Pestana, Beth Johnson and Nancy Beauchamp, SMG/RICC; Robert Bromley, Senate Fiscal Office; Susan Johnson and Michael Crawley, LGC&D; Larry Bacher, Gilbane and Eileen Smith, Recording Secretary.

Mr. Hirsh called the meeting to order at 12:05 p.m.

Mr. Hirsh stated that due to a scheduling conflict the order of today’s

meetings was being changed and that the Audit Committee would meet prior to the Dunkin' Donuts Committee. Mr. Hirsh, noting that the minutes of the June meeting had been distributed asked for a motion to approve. Upon a motion duly made by Mr. Duffy and seconded by Mr. Buonanno it was unanimously

VOTED: To approve the minutes of the June Audit Committee meeting.

Ms. Johnson thanked Ms. Sullivan and all those who worked diligently and cooperatively to complete the audit. Ms. Johnson noted that the Fiscal Year 2008 audit was completed on time and had no audit adjustments. Draft copies of the Audited Financial Statements and the Management Letter as well as a hard copy of the Power Point Presentation were distributed. Ms. Johnson reported that a clean audit opinion was given to the financial statements and noted that the Authority is dependent on annual appropriations by the State to fund debt service. Ms. Johnson noted that the Report on Internal Control over Financial Reporting and on Compliance with Other Matters Audit Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards had been issued concurrently with the financial statements and there were no material weaknesses or significant deficiencies. Ms. Johnson also stated that the timetable that was established at the onset of the engagement had been met. Mr. Crawley explained the Statement of Net Assets Overview and the Statement of Revenues,

Expenses and Changes in Net Asset Deficiency Overview. Mr. Crawley reported on the Divisional Operating Income (Loss) in comparison to previous years. He noted operating losses by the Authority and the Dunkin' Donuts Center. Mr. Crawley reported that the Authority loss is a result of depreciation. Mr. Fowler asked if the results would have been different had the Dunkin' Donuts Center had been open for an additional month. Mr. Crawley said that it would be hard to predict. He noted that the Summer months are historically slow. Mr. Crawley noted that the Internal Control Overview is an update of LGC&D's understanding of internal control over significant reporting areas. Mr. Crawley noted that there were some waived audit adjustments because they were determined by management to be immaterial to the financial statements taken as a whole. Mr. Crawley stated that this year was his fourth year on this audit and it was by far the smoothest. Ms. Johnson brought the Committee's attention to the Management Letter. Mr. Duffy asked if there were anything of substance in the letter. Ms. Johnson answered that there was nothing of substance but there are deficiencies that should be addressed. Mr. McCarvill explained that food and beverage inventory tracking is one area that needs attention. Ms. Beauchamp said that we need to come up with a viable form to get this done. Ms. Johnson noted that we should make sure that you are reconciling and getting all the revenue that you should particularly in concessions. Mr. Duffy asked if this would pose a problem for the managers. Mr. McCarvill said that it is not a problem and that they can do it. Mr. Fowler asked how often there is reconciliation. Ms. Beauchamp said that food and

beverage inventory should be reconciled after every event. She continued that parking revenue should be reconciled daily.

Mr. Hirsh sought a motion to recommend to the Board the acceptance of the Audited Financial Statements as presented by LGC&D. Upon a motion duly made by Mr. Butler and seconded by Mr. Fowler it was unanimously

VOTED: To recommend to the Board the acceptance of the Audited Financial Statements as presented by LGC&D.

Mr. McCarvill reported that we have been asked to approve an amendment to the Authority's pension plan that we have been in compliance with since January 2006. The amendment concerns regulations under Section 101(m) of the Internal Code. Upon a motion duly made by Mr. Buonanno and seconded by Mr. Fowler it was unanimously

VOTED: To approve to following adopting resolution.

The following resolutions were approved by Rhode Island Convention Center Authority (the "Employer") with respect to the adoption of an Amendment to the Rhode Island Convention Center Authority Retirement Plan (the "Plan") to reflect the final regulations under Section 401(m) of the Internal Revenue Code of 1986 that were issued on December 29, 2004 and as good faith compliance with the

requirements of the final regulations.

RESOLVED: That the Amendment to the Plan be adopted, effective for Plan Years beginning on or after January 1, 2006.

RESOLVED: That the appropriate representatives of the Employer are hereby authorized and directed to execute the Amendment and to take any and all actions necessary or appropriate to effectuate the foregoing resolution, including the making and execution of any subsequent changes or amendments to the Plan.

Mr. McCarvill noted that following last year's audit the Board asked that they be notified of any rent waivers for the Convention Center. Mr. McCarvill reported that there have been a few that he would like approved. Mr. Muldoon explained that rent waivers are a useful tool in attracting good food and beverage events. He said that the money spent for food and beverage more than makes up for the reduced or lack of rent. Mr. Fowler asked if offering a 30% discount for an event would be worth the discount. Mr. McCarvill said that it would. Mr. Fowler said that if that is the case shouldn't we look at our pricing. Discussions ensued regarding the practice of granting rent waivers. Mr. Muldoon noted that the discount ties into food and beverage. Mr. Hirsh asked if the word gets around that we do this. Mr. Muldoon said that word gets around that we do not give away our business. Mr. Fowler asked why lower food and beverage costs are not included in a request. Mr. Muldoon said that we would not reduce the food and

beverage costs. Mr. Duffy asked what the percentage of conventions that get discounts. Mr. McCarvill responded that approximately 2%. Mr. Daugherty asked the thought process rent waivers. Mr. McCarvill said that the competition for trade shows is great and if we can entice a show to our facilities by reducing the rent it could mean many room nights for the area and the economic impact is what we are here for. Mr. McCarvill noted that the only rent waiver that we have at this time is for Bright Night. He explained that there would be events in the Convention Center throughout the day and asked if we want to do this community event. Upon a motion duly made by Mr. Butler and seconded by Mr. Daugherty it was unanimously

VOTED: to approve a rent waiver for Bright Night

Mr. Buonanno asked if we are asked to put money into Waterfire. Mr. McCarvill responded that we were asked in the past when we owned the hotel and participated in several. The direct impact on our facilities is slight but Waterfire is an effective marketing feature to our convention, meeting and tradeshow prospects.

Upon a motion duly made by Mr. Fowler and seconded by Mr. Butler it was unanimously

VOTED: to adjourn at 12:55 p.m.